

Consumer Access to Health Carrier Financial Information

Background

Health insurance premiums in Washington continue to rise faster than the rate of inflation. Over the last four years, premiums in the three health insurance markets (large employer group, small employer group, and individual and family) have increased approximately 180 percent. At the same time, insurance companies are making record profits.

Consumers would benefit from having access to certain information about their health insurance companies and their finance when making their health care decisions.

The Problem

Consumers need meaningful information in order to better understand the actual costs of health care. It's nearly impossible for a consumer to determine how their premium dollars are being spent for actual health benefits versus administrative costs or how much money a company holds in surplus. Without easy access to this information, consumers have few tools to compare the efficiency and financial condition of one health insurer to another.

The Solution

Insurance companies are required to file their financial statements with the Office of the Insurance Commissioner. However, the information is vast and cumbersome to wade through. Consumers looking for information face a tremendous burden when trying to navigate countless pages of an insurance company's annual financial statements to identify and manipulate this data into meaningful information. Better access to health insurance companies' financial and other performance information will enable consumers to make better, more informed health care decisions.

Under this proposal, health insurance companies would be required to submit certain information to be posted on a user-friendly searchable web page on the Office of the Insurance Commissioner's web site.

Currently, not all health insurance companies report the same information nor do they submit it in a similar format. Under this bill, consumers will have easy access to the following information

- The health insurance company's medical loss ratio – this is the percentage an insurer pays out in benefits compared to the amount they take in.
- Administrative costs – this includes the total amount of general administrative expenses and the five largest non-medical administrative expenses, showing how dollars are spent in addition to paying for medical costs.
- Annual rate increases for each health care plan offered by the health insurance company.
- The amount of surplus the health insurance company maintains.
- The health insurance company's profit margins.